

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

25

April 10, 2001

FROM: JOHN F. MICHAELSON

Assistant County Administrator, Human Services System

**SUBJECT: AGREEMENT WITH MAXIMUS INC. FOR THE IMPLEMENTATION OF
REVENUE MAXIMIZATION SERVICES**

RECOMMENDATION:

1. Approve Master Services Agreement Order (Form GSOP-206-D) and MSA Hiring Activity Report to the State of California from RFP MSA 6026 for Revenue Maximization Services
2. Approve contract with Maximus, Inc., for the implementation of Revenue Maximization Services for the period of April 11, 2001 through May 31, 2004 upon state approval of Master Services Agreement Order

BACKGROUND INFORMATION: Public Contract Code 10298 allows local agencies to participate in State procurement contracts for various services, materials, and equipment without further competitive bidding. Accordingly, the State of California has increased its efforts to offer new master agreements and promote awareness of the contracts and agreements available for local agency participation. Master Services Agreements (MSA) are available for a wide variety of consulting services and have been competitively bid to include local agency participation per the government codes. These programs offer an array of goods and services that a local agency may not realize they have the opportunity to procure.

The purpose of the MSA is to offer state and local agencies ready access to pre-qualified vendors at the best price for contracting purposes. The State's MSA process required bidders to respond to a very detailed Request for Proposal (RFP) process in which they provided detailed answers on how they would approach new projects, as well demonstrate past success on such projects.

On May 18, 1998, the State of California, Department of General Services, entered into a Master Services Agreement (MSA) with Maximus Inc. for Revenue Maximization Services. Maximus Inc. was one of the top five vendors selected by the State of California. Revenue maximization services include research and identification of federal and other types of revenue that an entity may be eligible to receive. This agreement allows public entities, including the County, to also participate in the Revenue Maximization Services offered by Maximus, Inc.

Other counties, states, and agencies have had success implementing Revenue Maximization programs. Human Services System (HSS) has determined that it would be beneficial to implement a Revenue Maximization program. Approval of these items will give HSS authorization to order revenue maximization services utilizing the RFP MSA 6026 and enter into an agreement with Maximus, Inc. for revenue maximization services pursuant to the terms of the MSA.

Page 1 of 3

Record of Action of the Board of Supervisors

25

CONTRACT WITH MAXIMUS INC. FOR REVENUE MAXIMIZATION SERVICES
April 10, 2001
Page 2 of 3

Utilizing the MSA offers a number of benefits to the County:

- It allows HSS to obtain new sources of previously unavailable revenue utilizing a firm that specializes in the types of revenues that traditionally go unclaimed.
- There is no upfront fee to the County to use the MSA. No fee is due unless the vendor collects new revenue for the County. In accordance with MSA requirements, if revenue is recovered for the county, the vendor is entitled to 9% of the revenue and the State will receive 1.21% of revenues collected.
- It eliminates the need to locally develop, evaluate and award a formal bid for revenue maximization services.
- The State has negotiated advantageous finder fee percentage rates. The vendors listed on the MSA offer very competitive rates, in comparison with industry standards.
- The MSA included a list of five (5) prescreened, qualified and proven firms carefully selected by the State of California in a competitive process. These firms have demonstrated expertise in seeking out and obtaining new revenues.

As an added measure of validity, HSS conducted an evaluation of proposals received from four pre-qualified vendors that responded to a letter of intent. The evaluation team included representatives from the San Bernardino County Auditor/Controller and HSS Buildings & Finance Contracts Administration Unit. The Maximus proposal was found to best meet the service requirements of the department and found to be the most cost effective.

The proposers listed below were not selected to provide revenue maximization services to San Bernardino County, but they remain on the State MSA as qualified firms.

Proposers not Selected	Percentage Range Fee Proposed
Health Management Systems	13-15% of revenues collected
Electronic Data Systems	5-15% of revenues collected
Deloitte Touche Consulting	9-15% of revenues collected

Approval of this agreement will benefit County residents by obtaining and/or recovering millions of dollars in potential additional revenue. These funds will be used to enhance current programs and improve HSS services to the public. In its response to HSS' letter of intent, Maximus projected a minimum of \$1-2 million in retroactive revenue recoveries and between \$2.7-16.3 million in annual on-going recoveries within the County's Human Services System. Areas of projected additional revenue/cost savings include additional funds and current fund utilization in areas such as federal foster care dollars, TANF funds, Medi-Cal and Medicare funds, and more.

Services are expected to begin April 11, 2001.

REVIEW BY OTHERS: This agreement has been reviewed and approved by Deputy County Counsel (Ruth Stringer) and by HSS Contract Compliance Designee (Tanya Bratton). This item has also been reviewed by Gary Morris, Administrative Analyst, County Administrative Office.

FINANCIAL IMPACT: The approval of this agreement will result in no local cost to the County. All compensation from this agreement is contingent upon the vendors obtaining new revenue for the County. If no new revenue is obtained due to the contractor's efforts then no compensation is due.

CONTRACT WITH MAXIMUS INC. FOR REVENUE MAXIMIZATION SERVICES
April 10, 2001
Page 3 of 3

If Maximus is successful in recovering revenue for the County, the contractor is entitled to 9% of the revenue recovered as stated in the agreement. The State will also receive 1.21% of revenues collected in accordance with the requirements of the MSA.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: John Michaelson, Assistant County Administrator, Human Services System.